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**AN EMPIRICAL INVESTIGATION OF PURCHASING POWER PARITY
FOR A TRANSITION ECONOMY - CAMBODIA**

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Abstract:

This study has found an empirical support of Purchasing Power Parity (PPP) theory for an East Asia transition economy – Cambodia. It is based on the results of cointegration among KHR/USD, Cambodia CPI, and world CPI over the monthly period May 2001-February 2009. This finding is useful for policy implications i.e. de-dollarization (and exchange rates) policy designs in Cambodia.

Key words: Cambodia; Dollarization; Exchange Rates; Purchasing Power Parity

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